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# **National Intelligence Bulletin**

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### ITALY

Now that the process of installing Aldo Moro's Christian Democratic minority government has been virtually completed, the attention of Italy's political leaders is shifting to the explosive issue of legalized abortion and to internal party matters.

Confidence votes on Moro's government will be taken in parliament's lower house tomorrow and in the Senate early next week. Although the Socialists and Republicans—the chief opponents on economic policy—will try to amend portions of Moro's economic program in later debate, they have promised to abstain in the confidence votes. Their abstentions will give Moro a narrow parliamentary majority.

The government's first real test will come next week when parliament resumes its search for a compromise on the abortion issue. Differences between the Christian Democrats and Socialists on the abortion question contributed to the fall of the previous government. The Socialists want to give women complete freedom of choice in the matter. The Christian Democrats, with tacit support from the Communists, have written a bill that authorizes abortion in certain cases but required women to secure the approval of a physician on a list drawn up by the government.

The reason that the Christian Democrats have gone even this far is that they are anxious to avoid a divisive national referendum on abortion this spring. Pro-abortion groups have collected enough signatures to compel President Leone to schedule a referendum sometime between April and June. Changing the existing law in any way, however, would automatically cancel the referendum. The only other way to avoid it would be to hold early parliamentary elections, which would postpone the referendum for a year.

Meanwhile, both the Christian Democrats and Socialists have stepped up preparations for their party congresses next month. Moro's government is not likely to survive for long after the congresses, which are likely to set the stage for another attempt to put together a coalition based on Christian Democratic - Socialist collaboration.

Socialist leader De Martino's latest comments indicate a willingness to rejoin the Christian Democrats in a coalition, provided they drop the other two center-left parties—Social Democrats and Republicans—and agree to more open consultations with the Communist opposition.

The Christian Democrats, however, have yet to resolve internal differences over how to respond to the Socialists' conditions. These divisions were underlined in a

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speech this week by Defense Minister Forlani, who hopes to succeed Christian Democratic chief Zaccagnini at the congress. Forlani accused the party left of being too eager for an agreement with the Socialists and cautioned against the "dialogue" with the Communists that Zaccagnini and others on the party left have called for. Forlani's remarks drew a sharply negative reaction from Zaccagnini supporters, but were strongly endorsed by a variety of centrists and conservatives who together comprise a majority of the party.

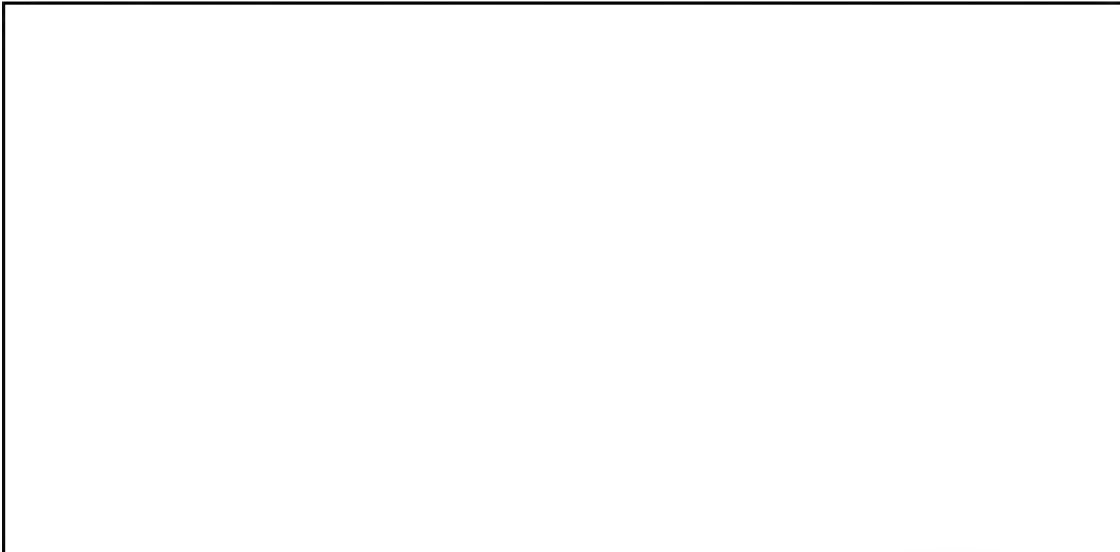
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### NIGERIA

The government is concerned over the generally negative reaction in the Muslim north to the assassination of General Murtala Muhammed, a northern Hausa tribesman, and the subsequent choice of Lieutenant General Obasanjo as the new head of state. Obasanjo is a Christian and member of the southern-based Yoruba tribe.



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In a public statement on Wednesday, the government took further pains to stress that the coup attempt had no tribal or religious motivations by asserting that Obasanjo also had been targeted for assassination.

The statement also claimed the plotters' intention was to restore to power the former head of state, Yakubu Gowon. There is no evidence to support the government's charge that Gowon, who has been living in Britain since his ouster last year, was a party to the plot, but the fact that the coup leader belongs to the same small tribe may give the government's account greater credibility and help ease tensions.



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### SPAIN

The Spanish cabinet will meet in the Catalan capital of Barcelona today against a backdrop of political demonstrations and increasing labor unrest in this traditionally volatile area. The government's unprecedented move coincides with a tour of the Catalan provinces by King Juan Carlos and Queen Sofia and indicates a concerted effort by Madrid to answer Catalan complaints of neglect by the national government.

The cabinet will probably use the occasion to initiate cosmetic measures designed to appeal to the region's desire for some autonomy, but it is not likely to concede significant powers. The cabinet may, for example, allow Castilian town and street names to revert to the original Catalan and to set up a commission—as it did in the Basque region—to prepare various other administrative reforms.

Meanwhile, sizable demonstrations in Barcelona, the second largest city in Spain, by leftist students demanding autonomy and amnesty for all political prisoners were broken up by strong security forces on February 1 and 8. Since February 11 there have been daily demonstrations by municipal employees demanding substantial raises in pay which the mayor—an unpopular Madrid appointee—claims he has neither the authority nor the funds to grant. Some 35,000 construction workers have been on strike this week. On February 18 the national government placed mutinous police and firemen under military jurisdiction in an effort to restore public services and stem the recurrent demonstrations, but city employees unaffected by the draft are still pressing their grievances.

Although the immediate causes of unrest are political and economic, the activity assumes greater significance in Catalonia because of the strong nationalist sentiment there. The region has its own identity, its own language, and a long democratic and autonomous tradition—before the Civil War it had its own parliament—together with a thriving industrial and commercial base.

Catalonia has always stubbornly resisted Francoism—Barcelona was one of the last cities to fall during the Civil War—and as a result no Catalan sat on the cabinet or held a post of importance in the armed forces or civil service during the Franco era.

Only a few Catalan extremists want complete independence from Spain, but all of the local political parties and the majority of the population strongly desire some autonomy from the Madrid government. So far, Catalans have preferred mass demonstrations to guns and bombs, but the protests are becoming turbulent and there is a chance of serious violence if Catalan nationalism welds students and workers into a common front.

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### UNITED KINGDOM

London has disclosed its proposed cuts in the defense budget through 1980. The British believe that the reductions—averaging about 4 percent per year—can be made without seriously affecting the UK's military commitment to NATO.

The cuts for 1977-78, as outlined in a white paper released yesterday, will be close to \$360 million. The proposed reductions will be slightly larger for 1978-79 and somewhat smaller for 1979-80.

No major military programs appear to be affected. In a letter to US and NATO officials, that was apparently intended as a substitute for formal NATO consultations, Defense Minister Mason confided that most of the cuts will be absorbed by allowing slippage in target dates for improving various military bases and for constructing new support facilities. Logistic support for all three services is also to be reduced, but this is expected to have little effect on their operational flexibility. Mason also indicated that as many as 10,000 civilian positions in the armed forces may be eliminated.

Despite Mason's letter, NATO members are likely to continue to press the Wilson government to undertake formal discussion of the cuts.

The final cut is much smaller than that originally called for by the British Treasury. Even so, it will almost certainly be attacked by the Tories, who favor a strong military establishment, and by the leftists, who will argue that the cuts are not substantial enough when compared with those made in other government programs. The government should be able to withstand the attacks.

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### USSR

The Conference of the Committee on Disarmament was convened in Geneva on Tuesday for its spring session. Preview articles by *Pravda* and *Izvestia* as well as the opening statement by Soviet representative Roshchin outline Moscow's priorities for this round.

Heading the list is the proposal, broached by General Secretary Brezhnev in June 1975, to ban the development and production of new types of weapons of mass destruction. Foreign Minister Gromyko introduced a resolution to ban these weapons at last fall's UN General Assembly, and since then the Soviets have been talking up the issue regularly. The subject is likely to be a prime topic in the foreign policy discussion at Moscow's forthcoming 25th party congress.

The Soviets at Geneva will also press for favorable consideration of the US-Soviet draft convention on the banning of environmental modification for military purposes. That draft was submitted separately by both nations at the conference session last summer following several rounds of bilateral consultation.

Moscow may envision similar coordination between the two superpowers, which would be most directly affected, in working out the details of an agreement on mass destruction weapons. To date, however, the Soviets have not gone much further than to advance nebulous possibilities while probing for US reactions and ideas on how such an agreement might be constructed and what it might include. It is not clear what the Soviets have in mind when they refer to "weapons of mass destruction," although they probably would include advanced weapons already under development such as new classes of bombers and submarines, as well as entirely new types of weapons.

Judging from recent Soviet commentary, Moscow may moderate its criticism of the US on other current disarmament issues until it can explore the prospects for fruitful cooperation on the ban on weapons of mass destruction. The Soviets have, however, shown impatience with what they claim is US footdragging on a chemical weapons ban, and could return to that theme at this session in response to recent UN expressions of concern over lack of progress in Geneva.

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**CEMA-EC**

To the accompaniment of extensive Soviet publicity, CEMA has presented to the EC a draft of an "umbrella" agreement between the two organizations.

The draft agreement proposes to establish official relations between CEMA and the EC; calls for direct cooperation in such areas as standards, environment, statistics, and economic forecasting; provides for trade between both sides on a most-favored-nation basis; and would eliminate non-tariff trade barriers erected against each other. It also provides that specific questions in areas such as trade can be resolved by direct contacts between CEMA member states and EC member states or their institutional bodies. This appears to be a partial concession to the Romanians, who have insisted that any CEMA-EC agreement not prevent them from dealing separately with the EC.

The CEMA initiative is being hailed by the Soviets as a declaration of principles consistent with the "Helsinki spirit" of detente. At the same time, the Soviets have been careful to stress that this is an agreement that is to be made between equals. The coverage clearly reflects Moscow's effort to gain propaganda and political benefits just before the opening of the Soviet party congress next Tuesday by providing the appearance of progress on the question of relations with the EC.

Despite the optimism professed in Moscow, the Soviets do not expect early agreement. The Soviets know that the most-favored-nation provision, which they stressed in their coverage, and the removal of the other barriers to trade fly in the face of principles set down by the EC. One Soviet official has acknowledged that the EC in all probability will be in no hurry to reply to the CEMA proposal.

EC Commissioner Soames has indeed privately labeled the new proposal "clearly unacceptable." It is nevertheless unlikely that the Community will reject it outright since the initiative does accept the EC's position that individual East European states be allowed to deal directly with the Community.

Soames is most concerned by the proposal's attempt to water down the EC's competence in negotiating such agreements by providing for bilateral contacts and to equate CEMA with the EC. The EC may be willing to contemplate certain technical accords between the EC Commission and the CEMA secretariat, but it would reject CEMA's contention that it has jurisdiction equal to the EC in laying down common principles for trade agreements.

Soviet attempts to place the onus for implementing the "Helsinki spirit" on the EC raise the question of whether the Community will seek to press the Soviets for progress in the non-economic area of the Helsinki accord—particularly freer exchanges of people and information.

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EC foreign ministers meet next week to discuss East-West relations; they could address the CEMA proposal in this context. The EC Council is expected to take up the CEMA proposal in detail at its next meeting on March 1-2.

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### TURKEY

Prime Minister Demirel's shaky, four-party coalition government has apparently survived a major effort by opposition leader Ecevit to bring it down.

The government won a vote on the budget earlier this week by a comfortable margin. The stormy, two-day debate that preceded the vote was punctuated by fistfighting on the floor of the National Assembly, forcing adjournment of one session. Turkish procedures now call for separate consideration of each budget-item and then another vote on the entire bill. A turnaround in the final vote seems unlikely.

Ecevit was able to persuade only one of the independent deputies who have been supporting the government to change sides. He was unable to enforce discipline on his partner in opposition, the Democratic Party, six of whose members abstained.

Ecevit has no intention of abandoning his effort to topple Demirel. He will probably press for parliamentary inquiries into alleged corruption on the part of various government members. Barring the uncovering of a major scandal, the inquiries are unlikely to bring down the government.

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### ECUADOR

Proposals to increase the price of oil and to nationalize the petroleum industry could cause further rivalry within the ruling military triumvirate and intensify lingering economic woes that plagued the previous military regime.

The new minister of natural resources, Colonel Vargas, has proposed a 27-cent per barrel price increase and is urging a take-over of the CEPE-Exaco-Gulf consortium. He is backed by an influential group of colonels and may possibly have the support of army triumvirate member General Duran, who is charged with overseeing the economy. Admiral Poveda, head of the ruling triumvirate, is strongly opposed to the nationalization proposal.

Besides the heavy cost of compensating the companies, Poveda realizes that nationalization would not alter dependence on foreign interests. Ecuador would probably rely on the companies for marketing and technical assistance and look to Venezuela for financial aid, despite concern over Venezuelan ambitions. Also, an already dissatisfied business community would be angered if prospects for foreign investment deteriorated further.

Whether the petroleum industry will be absorbed by the government hinges in large part on Poveda's ability to dissuade Vargas' supporters from pursuing a course that would be economically disastrous for the nation.



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**FOR THE RECORD**

CANADA-INDIA: Talks are tentatively scheduled to resume in early March on the possible resumption of Canadian nuclear assistance. On the supply issue, Ottawa will insist that New Delhi agree to observe the negotiated safeguards even if the Canadians should unilaterally suspend nuclear aid, as they did when India detonated its first nuclear device in 1974. Ottawa also wants the safeguards to cover nuclear materials for an indefinite period, and to have veto power over Indian reprocessing of any materials from Canadian reactors. As in the past, India may find these conditions too stringent. Ottawa, on the other hand, is adamant on the issue of supply, because of the sharp criticism it received at home and abroad for allegedly playing a key role in helping India develop a nuclear weapons capability.

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JAPAN - NORTH VIETNAM: A Japanese government delegation will travel to Hanoi on Monday to discuss economic cooperation. The mission has been under consideration since last October when the two sides signed a two-year bilateral aid pact which provides for some \$28 million in Japanese assistance to North Vietnam this year. Besides discussing the allocation of their economic assistance, the Japanese will explore opportunities for expanding Tokyo's commercial ties with Hanoi. The Japanese delegation includes representatives of the Foreign, Finance, and International Trade and Industry ministries, along with officials of other government agencies.

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ROMANIA-USSR: President Ceausescu, who also heads the Romanian party, will attend the Soviet party congress that opens next Tuesday in Moscow, according to a Soviet diplomat in Bucharest. The Romanian leader will presumably try to narrow areas of contention in his country's relations with the USSR. Probably to smooth the way for the visit, Ceausescu in the past few weeks has carefully balanced his assertions of independence in foreign policy with professions of his commitment to Communist doctrine and strict internal orthodoxy.

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### ANNEX

#### CHINESE PROGRAM TO IMPROVE AND STRENGTHEN ARMED FORCES

*The Bulletin today begins a three-part series on China's program, launched last year, to improve and strengthen its armed forces. The first article deals with the political background of the program, the next with the military aspects, and the final article with Chinese discussions about the possibility of war.*

China last year embarked on a renewed effort to strengthen its armed forces.

[redacted] probably grew out of an interlocking complex of domestic and foreign policy considerations:

--The civilian leaders in Peking were more confident about their political control over the military.

--They were able to compose their differences over the nature of the improvements needed.

--They were apprehensive over detente between Washington and Moscow, which they thought was tending to enhance Moscow's relative power position.

[redacted]

In a strictly military sense, the decision was probably overdue. Since the early 1970s, spending on China's conventional forces fell, largely because of efforts by the civilian leadership to recover the political influence that the military had accumulated during the cultural revolution in the late 1960s.

The infighting was in all probability a major contributor to former defense minister Lin Piao's coup attempt in 1971.

With Lin's fall, a sizable part of the central military leadership was purged, and impetus was given to reducing the military's share of the budget. The air force, which was deeply involved in the Lin affair, bore the brunt of the cutbacks.

Civilian concern about military influence seems to have remained fairly acute until late 1974. It was this concern that led Peking to the drastic step of moving most of the military region commanders out of their power bases in December 1973. It also kept the military under fire during the anti-Lin, anti-Confucius campaign in 1973 and 1974.

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The desire to trim the army's political sails was bound up with differences within the Chinese leadership over how to proceed with an improvement program once the military was politically in hand. There seem to be three issues:

- The relative amounts to be invested in advanced and conventional weapons.
- The proximity of China's defense positions to the Soviet border.
- The extent of China's reliance on foreign military suppliers.

These issues turned on China's Soviet policy. Some figures in the military were portrayed in a number of press articles as advocating accommodation with the Soviet Union and as favoring a stepped-up production of advanced weapons systems.

These issues were central during the period of intense political maneuver which began in the spring of 1974 and ended late in the year. Vice Premier Teng Hsiao-ping said in a speech to the party Central Committee in January 1975 that the "intricate struggle" had turned during the spring in favor of those who advocated firm civilian control over the military. Indeed, during the latter half of 1974 a coalition of leaders did seem to improve its position and extend party control over the military.

By January 1975, it was possible to move moderates and civilians into top army positions. Yeh Chien-ying filled the post of minister of defense, vacant since Lin Piao's fall, and Teng Hsiao-ping was named chief of staff, the first civilian ever to hold the post. A powerful military leader, Li Te-sheng, had to relinquish his seat on the party standing committee as well as his party vice chairmanship. His former post as director of the army's general political department was turned over to a civilian, Chang Chun-chiao.

These appointments suggest that agreement was reached, at least temporarily, on the three defense-related issues that had divided the Chinese leadership for so long. After January, media attacks on the military, commonplace for several years, virtually ceased. Moreover, the army's public reputation was scrubbed up, and military men who had long stressed professionalism rather than political activism began to gain positions of influence in the military.

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[redacted]  
[redacted] foreign policy considerations provided a new—and perhaps critical—impetus. The evolution of China's international position in 1973 and 1974 almost certainly helped consolidate a consensus for overhauling the army and may have increased the scope of the modernization plan far beyond what was originally intended.

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It has been an aim of Chinese foreign policy, dating back to the early 1960s, to keep Washington and Moscow at odds. Since 1973, the Chinese have not fared as well as they may have expected in this regard, and their anxiety began to rise considerably after General Secretary Brezhnev visited Washington in June 1973 and signed an agreement on the prevention of nuclear war.

The Chinese were especially concerned over a passage in the agreement that called for "urgent consultation" in the event of a dispute between either of the parties and a third party. Peking obviously saw the possibility of US-Soviet collusion at China's expense.

Peking's worries were soon compounded by a rise in the Soviet defense budget and a relatively unconcerned reaction in the US. [redacted]  
[redacted]

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The Vladivostok agreement of November 1974, which set a ceiling on certain strategic weapons systems, was probably viewed by Peking as another major setback. Peking recently singled out Vladivostok as a watershed that would enable the Soviet Union to surpass the US in strategic arms. It was not only US-Soviet detente that unsettled the Chinese, but also the stagnation in Sino-US ties in the wake of the Watergate affair.

These setbacks on the international scene confirmed Peking's belief that it had to develop a more effective hedge against uncertainties in the superpower triangle. While the Chinese are under no illusion about Soviet military superiority vis-a-vis China, they undoubtedly believe that strengthening their own armed forces is one way of dealing more effectively with Moscow and thus giving themselves more weight in the Sino-Soviet-US triangle.

The unraveling in Indochina in the spring of 1975 and the unification of Vietnam under a government more favorably disposed toward Moscow than toward Peking may have had an impact [redacted]  
[redacted]

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[REDACTED] An article in the *People's Daily* last August took to task the advocates of greater emphasis on advanced weapons, strongly suggesting that some in the military are not satisfied with a program that concentrates on conventional forces and want a strong effort in the field of advanced weapons.

A senior Chinese official recently remarked that the program of improving conventional forces raised "serious economic questions" that Chinese leaders are still puzzling over.

[REDACTED]

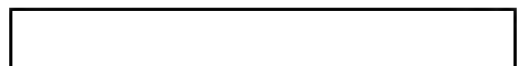
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